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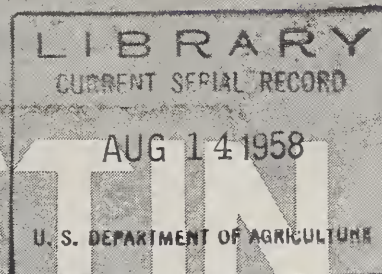
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THE

Fred W. Fisher
MARKET ADMINISTRATOR

Market Administrator's

BULLETIN



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Special Milk Program Extended Three Years

The law which the President signed into effect authorizes continuation of the Special Milk Program for another three years, terminating June 30, 1961. It authorizes expenditure of \$75 million in each of those years for operation of the program to increase consumption of milk by children.

The U. S. Department of Agriculture will continue to operate the Special Milk Program, under this extended authority, in the same manner it has been operating — a system that has proved its effectiveness in increasing consumption of milk by children. Preliminary figures show that, during the fiscal year ended June 30, more than 75,000 schools and institutions participated in the program, serving nearly 2 billion half pints of milk to children. This is in addition to milk served children under the National School Lunch Program.

Uninterrupted operation of the program, accomplished by enactment of the extension bill, is especially timely for summer camps, day camps and recreation centers, other child-care centers, and schools which operate during the summer. Extension enables them to take advantage of the program immediately and throughout their summer season of operation.

The extension is also important to schools and institutions which operate the program on a year-round basis. Extension at this time permits them to make firm plans for participating in the program when their sessions resume at the beginning of the school year, in the fall.

The Special Milk Program encourages increased consumption of fluid milk through a system of reimbursement or incentive payments. These payments make it possible for participants to inaugurate a milk service or to expand their current service by offering milk at reduced prices or by establishing new times of milk service. Those eligible to participate in the program are schools of high school grades and under, and non-profit child-care institutions such as settlement houses, summer camps, child-care centers, and similar institutions.

Schools that also participate in the National School Lunch Program may receive up to a maximum of 4 cents reimbursement per half pint of milk served, but they are not allowed reimbursement for the half pint of milk served regularly as part of the Type A (complete meal) school lunch. For other schools, the maximum rate of reimbursement for milk sold to children is 3 cents per half pint. Actual rate of reimbursement to participants (within these maximum rates) depends on the cost of milk to the school or institution, their proposed selling price to children, and the cost of handling milk within the school or institution. Schools and institutions are permitted to use up

to 1 cent of this reimbursement to defray handling costs; however, they must make maximum use of the reimbursement payments to reduce the price of milk to the children.

The program has recently been improved and simplified for those schools and child-care institutions in which children are served milk — not as a separately priced item but along with other food and services provided them for a set charge or similar fee. Most summer camps, boarding and institutional schools, and child-care institutions operate this way. When these camps, schools, or institutions apply for participation in the program, they submit a plan showing the specific methods and practices by which they intend to increase milk consumption by children. If their plan is approved and placed into effect, these participants are reimbursed 2 cents per half pint to help pay for the cost of the extra milk served to children.

Nationally, this Special Milk Program is administered by USDA's Agricultural Marketing Service. In all States the program is administered in public schools by the State's educational agency. In some States this agency handles the program in private schools and child-care institutions; in a number of States, however, some other agency of the State government (usually the welfare agency) handles the program in eligible institutions other than schools. In other States, AMS deals directly with non-profit private schools and institutions wishing to participate.



Columbus

MARKET FACTS FOR EASY REFERENCE

PRICE SUMMARY

Producers' Uniform Price (3.5%)	
Producers' Uniform Price (4%)	
Class I (3.5%)	
Class II (3.5%)	
Class III (3.5%)	
Class IV (3.5%)	
Producer Butterfat Differential for each 1/10%	

June 1958	May 1958	June 1957
\$3.40	\$3.56	\$3.71
3.74	3.90	4.065
4.069	4.274	4.392
3.669	3.874	3.992
3.269	3.274	3.492
2.847	2.851	3.068
6.8¢	6.8¢	7.1¢

UTILIZATION SUMMARY

Percent of Producer Milk in Class I	
" " " B.F. " " I	
" " " Milk " " II	
" " " B.F. " " II	
" " " Milk " " III	
" " " B.F. " " III	
" " " Milk " " IV	
" " " B.F. " " IV	

64.2	66.3	66.3
65.1	65.6	64.3
7.0	7.6	7.4
2.2	2.4	2.5
9.9	9.5	15.3
16.3	14.9	20.1
18.9	16.6	11.0
16.4	17.1	13.1

PRODUCTION SUMMARY

Total Pounds of Producer Milk Delivered	
Average Daily Class I Producer Milk	
Total Number of Producers	
Average Daily Production per Producer	
Average Butterfat Test	
Total Value of Producer Milk at Test	
Income per Producer (7 Day Average)	

27,893,568	30,140,831	27,823,794
597,364	645,005	614,789
1,816	1,822	1,905
512	534	487
3.66	3.69	3.64
\$1,076,981.53	\$1,218,543.47	\$1,157,595.90
\$138.38	\$151.02	\$141.79

GROSS CLASS USE (Pounds)

Class I Skim	
" I B.F.	
" I Milk	
" II Skim	
" II B.F.	
" II Milk	

17,375,096	19,398,433	17,900,032
665,121	729,536	651,318
18,040,217	20,127,969	18,551,350
1,936,950	2,264,763	2,055,157
22,735	27,206	25,235
1,959,685	2,291,969	2,080,392

AVERAGE DAILY SALES (Quarts)

Milk	
Buttermilk	
Chocolate	
Skim	
Cream	

240,826	269,804	242,658
6,123	5,985	6,909
10,121	13,402	10,808
8,661	9,705	7,638
7,552	8,030	7,089

COMPARATIVE STATISTICS ★

COLUMBUS MARKETING AREA

★ **JUNE, 1949-58**

Year	Receipts from Producers	Average Butter-fat Test	Percentage of Producer Milk in Each Class				Uniform Producer Price (3.5%)	Class prices at 3.5%				Number of Producers	Daily Average Production
			Class I	Class II	Class III	Class IV		Class I	Class II	Class III	Class IV		
1949.....	20,276,730	3.97	58.0	6.5	19.4	16.1	3.51	3.686	3.436	3.358	3.083	2,383	284
1950.....	20,585,120	3.96	59.9	29.6	10.5	—	3.51	3.708	3.308	2.982	—	2,089	329
1951.....	21,773,407	3.89	57.7	30.0	12.3	—	4.32	4.866	4.466	3.720	—	2,105	345
1952.....	22,687,971	3.84	63.4	30.0	6.6	—	4.12	4.382	3.982	3.556	—	2,110	358
1953.....	24,355,409	3.80	61.7	24.4	13.9	—	3.92	4.523	4.123	3.477	—	2,220	366
1954.....	25,666,979	3.80	61.9	7.1	16.3	14.7	3.35	4.106	3.706	3.206	3.029	2,163	396
1955.....	26,831,726	3.72	62.7	7.2	12.8	17.3	3.48	4.209	3.809	3.312	3.133	2,081	430
1956.....	28,016,984	3.73	61.6	8.3	12.4	17.7	3.86	4.811	3.951	3.382	3.205	2,049	456
1957.....	27,823,794	3.64	66.3	7.4	15.3	11.0	3.71	4.392	3.992	3.492	3.068	1,905	487
1958.....	27,893,568	3.66	64.2	7.0	9.9	18.9	3.40	4.069	3.669	3.269	2.847	1,816	512

Milk Production Showed Little Increase In First 5 Months of 1958

Production of milk in the United States increased to a new high in each year from 1953 through 1957. The increase of 5.6 billion pounds, or about 5 percent from 1952 to 1953 was the largest on record, except for the jump from 1940 to 1941. A slight increase in numbers of milk cows in 1953, the only rise in 14 years, together with an advance in rate of production per cow, accounted for the big increase. Underlying these 2 factors was apparent step-up in application of improved production practices. In each year since 1953, the number of milk cows has declined, but the rate per cow has increased fast enough to give the successive records in total output.

Farmers' prices for meat animals have advanced sharply, compared with milk prices in the last 8 to 10 months. This probably is the most significant of the many economic developments influencing milk production in the past year or so. In a number of States where milk production competes with meat animal enterprises, milk output apparently has been restricted. The importance of this factor in restricting milk output in the rest of 1958, however, cannot be finally concluded from the first 5 months because during much of the early part of the year severe weather prevailed in many areas of the country. In 1951 and 1952, when meat animal prices also were high, compared with milk prices, production of milk averaged 2 percent

under 1950. But in that period supplies of feed grains and roughages were not so plentiful as currently.

The lower support prices for manufacturing milk and butterfat became effective April 1, and therefore have had little influence on milk production. Feed grain prices also are continuing below a year earlier, and milk-feed price relationships continue well above average.

The reduced number of farms with milk cows is an important reason for declines in milk production in a number of the States in the Midwest. Many farmers are adjusting to the changed price relationships and changed farm practices by shifting out of dairying entirely, rather than by merely cutting down the number of cows they milk. The number of farms with milk cows from 1949 to 1958 declined from 4 to 6 percent per year. Some midwestern States with reduced milk output this year have recorded much larger declines.

The tendency in all sections of the country, of course, is for the farms remaining in milk production to become larger. But in the main corn and meat animal producing States, the number of farms continuing in dairy production and enlarging their operations apparently is not sufficient to offset the drop in volume caused by those who stop dairying. In States where dairying has increased, a significant number of farms also has ceased to keep milk cows.

Factory Use of Milk Declined From a Year Earlier

As apparent fluid use of milk increased a little more than production during the first 4 months of 1958, slightly less was available for production of manufactured products. The decrease among the different items, however, was far from uniform. The largest reduction occurred for evaporated milk (17 percent) and condensed milk (37 percent), followed by dry whole milk (13 percent). The total quantity of milk used in production of creamery butter and American cheese, the two fat-carrying items purchased to support the prices of dairy products, was about the same as a year earlier. Output of butter was 1 percent greater, but production of American cheese was down 2 percent. In May output of both butter and cheese was below a year earlier. Production of non-fat dry milk in the first 4 months was 6 percent greater than the previous record set for the period in 1957. Production of margarine was 9 percent greater in January to April this year than last.

In comparison both with a year earlier and the 5-year average, production of butter and American cheese show considerable variation among regions in recent months and weeks. In the third week of May, output for both items showed the largest decline from a year earlier. But this was narrowed somewhat in the two following weeks. As of early June, only the North Atlantic States produced more butter and cheese than a year earlier, but the gain at that time was only a fraction of what it was earlier in the year.

THE
Market
Administrators
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Consumption of Fluid Milk Increasing More Slowly

Per capita consumption of fluid milk and cream in the U. S. declined considerably by 1948 from relatively high war-time levels. It fluctuated after 1948 within the narrow limit of 347 to 355 pounds and was relatively stable, despite significant price increases in the last several years and slight declines in per capita income in one or two years. The response of fluid milk use to changes in income usually is smaller than for a number of other commodities. The leveling off of consumer incomes during 1957 and declines in recent months appear to have had some effect on fluid milk use, though it has varied among market areas.

The aggregate quantities of whole milk sold in the first 3 months of 1958, were higher than a year earlier in most markets, but with significant declines in some areas; total use for the quarter showed a gain of 0.9 percent compared with 2.3 percent in 1957 over 1956 first quarter use. Likewise the increase from 1956 to 1957 for the October-December quarter was significantly below the rate of increase for earlier quarters. Precise calculations of per capita use in these markets cannot be made because of lack of data on the population of the areas concerned.

In the first 4 months of 1958, production of milk was only slightly larger than a year earlier. The quantity apparently

Market Quotations

June
1958

12 MIDWEST CONDENSERIES 3.5% per Cwt.	\$2.890
5 CONDENSERIES (Cincinnati) 3.5% per Cwt.	2.7256
5 CONDENSERIES (North Central Ohio) 3.5% per Cwt.	2.725
2 CONDENSERIES (Toledo) 3.5% per Cwt.	2.762
4 CONDENSERIES (Tri-State) 3.5% per Cwt.	2.769
Evaporated Milk Code Price, 3.5% per Cwt.	2.748
Skim Milk Powder-Butter Price, 3.5% per Cwt. (Cincinnati)	2.9905
Skim Milk Powder-Butter Price, 3.5% per Cwt. (Columbus)	2.969
Skim Milk Powder-Butter Price, 3.5% per Cwt. (Dayton)	2.993
Skim Milk Powder-Butter Price, 3.5% per Cwt. (Toledo-Tri-State)	2.867
Average Weekly Cheddars price per lb.3175
Average price per lb. non-fat dry milk solids, roller process delivered Chicago12963
Average price per lb. 92-score butter at Chicago5775
Average carlot prices non-fat dry milk solids, roller and spray process, f.o.b. manufacturing plant12425

available for fluid use after allowing for output of manufactured products for which figures are reported is larger than January-April, 1957, by 400 million pounds, or less than 2 percent, suggesting further that fluid sales have been increasing more rapidly than the population, if as fast.

Retail prices for fluid milk in the U. S. in February reached a record of 25.6 cents per quart delivered to homes of consumers in 25 major cities. From February to March retail prices dropped 0.1 of a cent, the same as a year earlier. From March to April, however, the decline was 0.4 of a cent per quart, compared with no change a year earlier.

In a number of markets, premiums over minimum established levels were increased or negotiated for the first time which offset at least partly the influence

of the reduction in support level on manufacturing milk. As a result, retail prices for fluid milk are continuing somewhat above a year earlier, although below the peak reached in February of this year.

In the last decade, retail prices for fluid milk have increased mainly because of a rise in the gross processing and marketing margin, rather than because of a rise in the price paid to farmers for raw milk. In the first quarter of 1958, the price paid by dealers for raw milk was approximately 11 cents per quart, compared with 10.5 to 11 cents in the period 1947-49. The retail prices, on the other hand, were about 5 cents per quart higher in the first quarter of this year than in the late 1940's. All elements in the processing and marketing margins, including wages and profits, have increased.